

## Message Text

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ACTION EUR-12

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CIEP-01 LAB-01 SIL-01 OMB-01 NSC-05 SS-15 STR-01

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FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC IMMEDIATE 2272

DEPT OF COMMERCE WASHDC IMMEDIATE

INFO AMEMBASSY VIENNA

AMCONGEN MUNUPH

LIMITED OFFICIAL USE BUDAPEST 3194

E.O. 11652: N/A

TAGS: ETRD, HU

SUBJ: PRESS COMMENT ON BIRO VISIT TO U.S.

VIENNA FOR EWTC

1. LEADING ARTICLE IN NOV 16 VILAGGAZDASAG FOCUSES ON PROSPECTS FOR AMERICAN-HUNGARIAN TRADE ON EVE OF BIRO VISIT TO U.S. PAPER NOTES THAT BILATERAL TRADE HAS INCREASED SPECTACULARLY IN RECENT YEARS DESPITE LACK OF MFN RISING FROM LESS THAN 5 MILLION IN EARLY 1960'S TO \$95 MILLION IN 1973 AND AN EXPECTED 125 MILLION THIS YEAR. ARTICLE STATES FURTHER THAT TRADE CAN BE EXPECTED TO TRIPLE OR QUADRUPLE ABOVE PRESENT LEVELS PROVIDING MFN IS FORTHCOMING AND CONCERTED EFFORT MADE TO EXPAND COMMERCIAL RELATIONS. (EMBASSY NOTES THAT \$95 MILLION HUNGARIAN FIGURE CONSIDERABLY HIGHER THAN USG STATISTICS WHICH REPORT \$48 MILLION U.S.-HUNGARIAN BILATERAL TRADE

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IN 1973. GREWUEST PART OF THIS DISCREPANCY CAN BE

EXPLAINED BY DIFFERENCE IN FIGURES FOR SOYBEAN TRADE WITH HUNGARIANS REPORTING THEY IMPORTED \$50 MILLION OF THIS COMMOEITY LAST YEAR WHILE U.S. STATISTICS STATE THAT ONLY \$14 MILLION IN SOYBEANS SOLD TO HUNGARY IN 1973).

2. AFTER LENGTHY DISCUSSION OF HISTORY MFN ISSUE, VG NOTES LACK OF MFN HAS RESULTED IN FACT THAT OVERWHELMING MAJORITY U.S.-HUNGARIAN TRADE NOW COMPRISED OF AGRICULTURAL COMMODITIES, RAW MATERIALS, PROCESSED FOODS, AND LIGHT INDUSTRIAL PRODUCTS. WITH RESOLUTION OF MFN QUESTION, MANY ADDITIONAL POSSIBILITIES WILL BE OPENED UP AND DISCUSSIONS ON POSSIBLE COOPERATION BWTWEEN AMERICAN AND HUNGARIAN FIRMS HAVE ALREADY TAKEN PLACE ON THE SUBJECT OF ALUMINUM PRODUCTION, EXPLOITATION OF HUNGARIAN COPPER RESOURCES, PRODUCTION OF FERTILIZER, PLASTIC PROCESSING, AND LEATHER GOODS' MANUFACTURE. OTHER AREAS CITED AS MOST LIKELY POSSIBILITIES FOR FUTURE COOPERATION ARE ELECTRONICS, INSTRUMENT MANUFACTURE, AND THE MOTOR VEHICLE INDUSTRY. VG NOTES AT PRESENT THERE ARE THREE SETS OF SERIOUS NEGOTIATIONS TAKING PLACE BETWEEN U.S. AND HUNGARIAN FIRMS CONCERNING POSSIBLE JOINT PRODUCTION VENTURES IN HUNGARY. FIRST OF THESE REGARDS POSSIBLE CORNING-TUNGSRAM VENTURE, HAVING BASIC CAPITAL OF 500 MILLION FORINTS, WHICH WOULD PRODUCE INDUSTRIAL LIGHT BULBS. TALKS ARE ALSO PROCEEDING BWTWEEN RADELKIS AND CORNING ON TOPIC OF PRODUCTION OF BLOOD ANALYTICAL EQUIPMENT BY JOINT COPRORATION TO WHICH HUNGARIANS WOULD CONTRIBUTE 30 MILLION FORINTS WITH CORNING PUTTING UP \$600,000. FINALLY, DISCUSSIONS ARE BEING CARRIED ON BETWEEN THE HUNGARIAN FIRMS ELEKTROMODUL AND KONTAKTA AND THE U.S. COMPANY AMPHENOL TO SET UP JOINT VENTURE FOR PRODUCTION AND MARKETING OF ELECTRONIC COMPONENTS. THIS UNDERTAKING WOULD HAVE A BASIC CAPITAL OF 100 MILLION FORINTS.

3. NOV 18 HETFOI MAGYAR HIRLAP ALSO CONTAINS FRONT PAGE ARTICLE ANNOUNCING BIRO VISIT TO PURSUE TALKS ON THE DEVELOPMENTS OF BILATERAL ECONOMIC RELATIONS AND POSSIBILITIES FOR FUTURE DEVELOPMENT. REVIEWS TRADE STATISTICS BRIEFLY WITH EMPHASIS ON FACT TRADE NOT LARGE. ENGLISH LANGUAGE PAPER HAS LONGER ARTICLE STRESSING OPPORTUNITY FOR SIGNIFICANT LIMITED OFFICIAL USE

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INCREASES IF MFN GRANTED.

4. NEPSZABADSAG NOV 19 CONTAINS VERY SHORT STORY ON PAGE 5 BASICALLY SIMPLY ANNOUNCING VISIT. MAGYAR HIRLAP NOTHING FURTHER. PEDERSEN

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